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Letter to Ontario's Auditor General

January 23, 2024

Shelley Spence, CPA, CA, LPA
Office of the Auditor General of Ontario
20 Dundas St W #1530, Toronto, ON M5G 2C2

Dear Auditor General Shelley Spence, CPA, CA, LPA:

Subject: Audit Request: CEO, Board, and Ministry Financial Management and Decision-making Before, During, and After Minden Emergency Department's (ED) permanent closure

We are writing to request an audit of the CEO, Board and Ministry financial management and decision-making processes at Haliburton Highlands Health Services (HHHS) prior to the abrupt and permanent closure of Minden's Emergency Department (ED) – a successful public health institution and community linchpin for 30 years.

Enclosed are detailed financial charts for FY 23 and unapproved net monies owed between HHHS and the Ministry of Health from FY17 to FY23, that indicate alarming trends and raise critical questions that we believe require your attention.

We feel it is important to understand the specific factors leading to HHHS' \$4 million deficit for FY23; the decision-making process and rationale for the permanent closure; and to assess whether measures could have been taken to avoid the loss.

Our team believes we now have a moral and ethical imperative to understand how these decisions affect the provision of essential healthcare services. We believe our request falls under your jurisdiction, considering the significant public dollars associated with the closure.

We believe this audit should focus on financial transparency, the accountability of decision-makers, and the impact of these decisions on public healthcare planning and provision, especially as it concerns vulnerable populations.

Key Areas of Concern

Decision details: Most stakeholders do not know when the decision was made or the details of the vote. A Freedom of Information (FOI) request seeking the business case and decision details was submitted; the business case was not included, and the information sent was heavily redacted.

Reported Deficit Fluctuations: The enclosed charts show erratic deficit trends, with the reported deficit increasing from \$220,000 to a staggering \$4.1 million within a single fiscal year. We question the factors contributing to such fluctuations and the substantial discrepancy between the initial and audited financial statements.

Forecasting and Financial Oversight: HHHS inaccurately projected its FY23 Year End deficit by \$1 million eight days beforehand. On March 23rd, 2023, the board projected a \$3 million deficit for Year End (March 31st). At its AGM on June 22nd, HHHS reported a \$4.1 million deficit for FY23 ending March 31, 2023.

Furthermore, the inability of HHHS to estimate additional monies, indicated in Note 21 of their financial statements, may be cause for concern about the integrity of financial management and reporting practices within HHHS and its ultimate oversight by the Ministry.

Strategies to Address Deficits: There is a concerning lack of information on what measures were taken to control the escalating deficits beyond repeatedly advocating with the Ministry to release approved funds and/or additional funds. This is evidenced and reflected repeatedly within HHHS' board meeting minutes ahead the closure and several years prior to it.

Of note:

- Current HHHS board chair David O'Brien and former finance committee member Kelly Mitchell performed in ad hoc government relations assistance roles on behalf of HHHS beginning in 2018
- HHHS' board members initiated an advocacy effort (championed by then-chair Jan Walker) condemning Bill 124s impact on staff; and,
- One month ahead of Minden ED's closure, HHHS' board meeting minutes specifically state that both financial and staffing pressures inform every decision they make; the minutes also state HHHS' an inability to retain staff due to higher wages elsewhere.

We urge your office to investigate whether appropriate actions were taken and the level of stakeholder engagement in HHHS' planning and execution of strategies to address its deficit. Our team has identified different accounting and/or financial management practices across different healthcare systems in Ontario. We believe HHHS may have been able to mitigate its deficit and remain operational if it had adopted the best practices of other healthcare systems in Ontario.

FY 24 Budget Projections: It is imperative to ascertain whether HHHS projected continued deficits in the FY 24 budget and if these projections influenced the decision to close the ED. For instance, when did HHHS get access to FY24 budget vs. when was the decision made to close the ED?

Owed Monies and Financial Statements: The significant increase in monies owed to HHHS in FY21 and FY22, and the subsequent changes in FY23, warrant a detailed audit to understand the causative factors and their impact(s) on HHHS's financial position.

Questions for Audit Investigation

- Why did the monthly deficits reported by HHHS fluctuate so significantly?
- What led to the unexpected rise in the deficit reported in the audited financial statements?
- Why was there a lack of estimation for additional funds as indicated in Note 21 of the financial statements?
- What steps were undertaken to mitigate the rising deficits, and were stakeholders involved in these discussions?
- At what point in the fiscal timeline was the decision to close the Minden ED made, and were the fiscal projections for FY 24 considered in this decision?
- What caused the substantial increase in monies owed to HHHS in FY21 and FY22, and why did this trend not affect the long-term care sector?
- How are the monies owed recorded in the financial statements, and have there been any adjustments by the Ministry of Health?

These questions are crucial in understanding the fiscal management of HHS and the factors leading to the closure of Minden ED. The patterns reflected in these charts and the subsequent permanent closure decision appear to be symptoms of deeper financial and operational malaise.

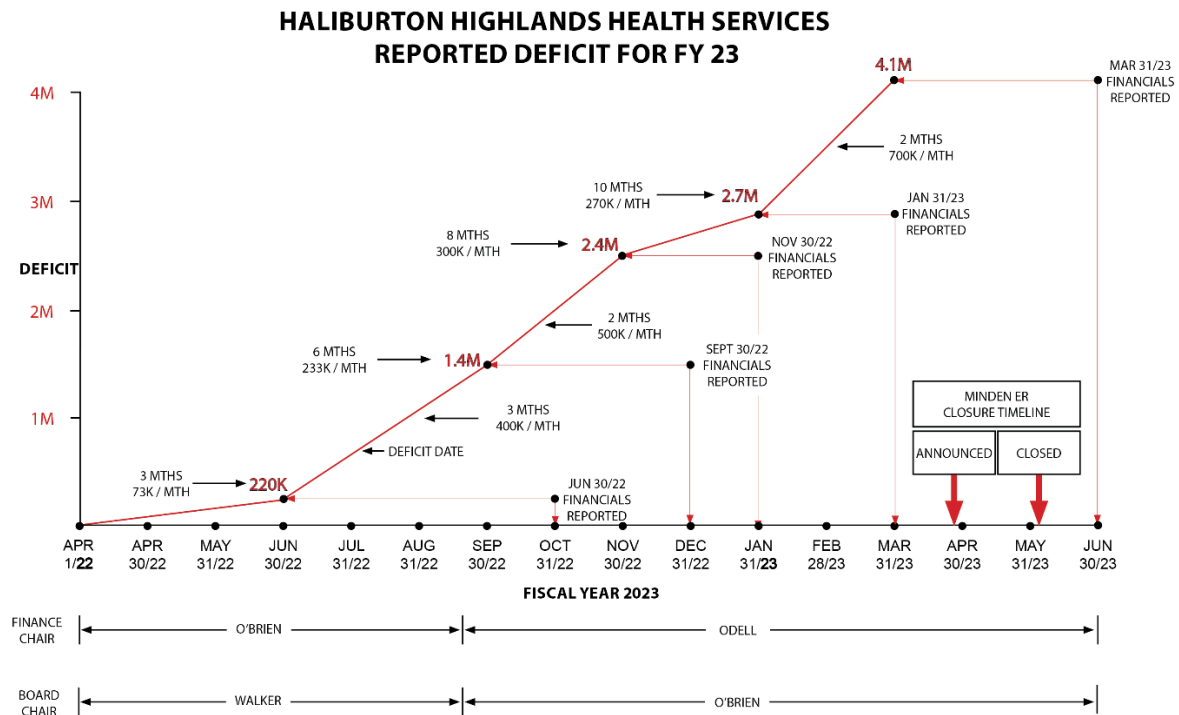
The closure of Minden ED stands to affect the well-being and health of our community profoundly, we implore your office to initiate an audit promptly. The findings of such an audit will be instrumental in restoring public trust and ensuring that similar incidents do not occur in other healthcare institutions across the province.

We thank you for your attention to this grave matter and stand ready to provide any further information required for your investigation.

Sincerely,

Jeff Nicholls, Adria Scarano, Aurora McGinn, Tracy Klompmaker
On behalf of Minden Paper

Haliburton Highlands Health Services Reported Deficit for FY 23

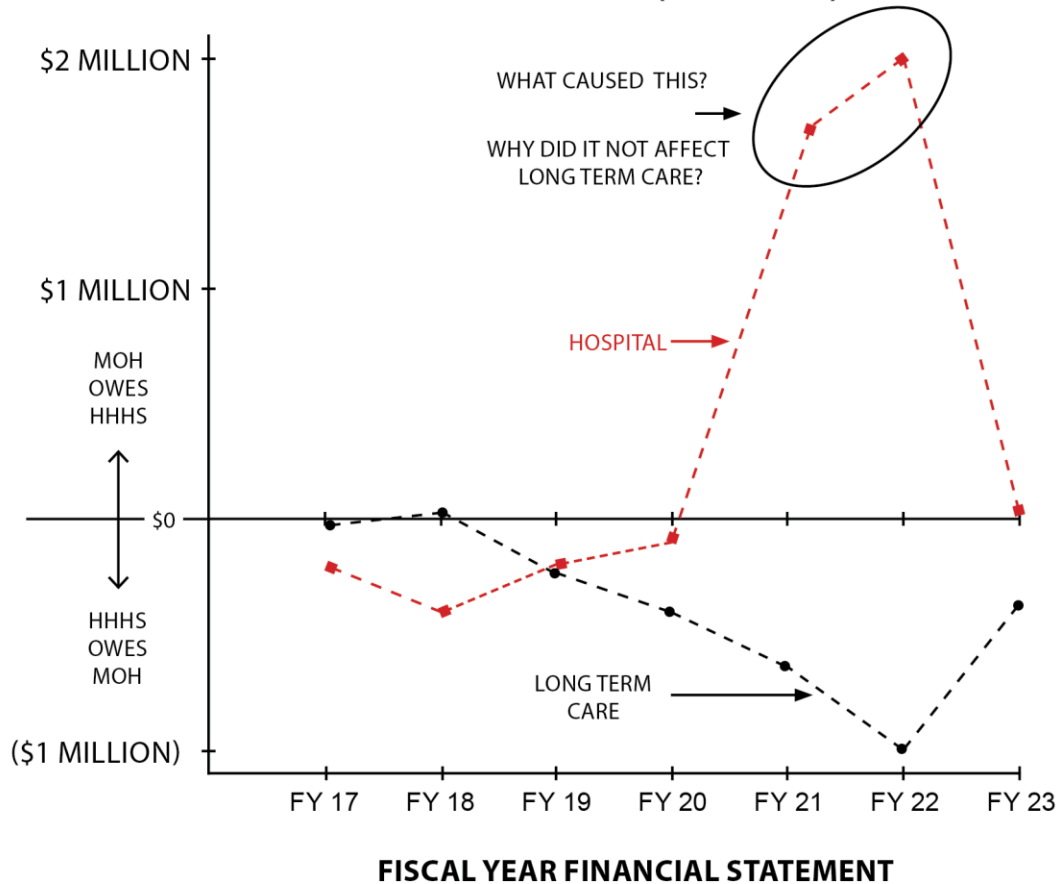


The numbers reflected on the HHS Reported Deficit for FY 23 chart for the year ending March 31, 2023, are obtained from the posted minutes on the HHS website.

- On June 30, 2022, financial statements showed a \$220,000 deficit, which was reported on Oct. 27, 2022. The deficit averaged \$73,000 monthly over April, May and June.
- The deficit was understated by \$224,000 due to gains from property, buildings and equipment sales. The adjusted average monthly deficit was \$148,000.
- On Sept. 30, 2022, financial statements showed a total deficit of \$1.4 million, which was reported on Dec. 22, 2022. The deficit averaged \$400,000 monthly over July, August and September.
- On Nov. 30, 2022, financial statements showed a total deficit of \$2.4 million, which was reported on Jan. 26, 2023. The deficit averaged \$500,000 monthly over the two months covered in that statement.
- On Jan. 31, 2023, financial statements showed a \$2.7 million deficit, which was reported on March 23, 2023. The deficit averaged \$150,000 monthly over December and January.
- The year-end deficit on March 31, 2023, was anticipated to be \$3 million, as mentioned in the March 23, 2023, minutes.
- Audited financial statements presented at the Annual General Meeting on June 22, 2023, reported a \$4.1 million deficit for the fiscal year ending March 31, 2023.
- The average monthly operating deficit for the final two months of the fiscal year was \$700,000.
- After removing gains on sales, the average monthly operating deficit for the fiscal year ended March 31, 2023, was \$360,000.

Unapproved Net Monies Owed: Haliburton Highlands Health

UNAPPROVED NET MONIES OWED: HALIBURTON HIGHLANDS HEALTH SERVICES AND MINISTRY OF HEALTH (FY17 - FY23)



The numbers reflected on Unapproved Net Monies Owed: Haliburton Highlands Health Services and Ministry of Health (FY17 to FY23) are obtained from the audited financial statements posted on the HHS website. In the “Notes” section of these financials, there is a schedule of these monies that is broken out by the various operating grants. The net amounts of monies recoverable (owed to HHS) and refundable (owed by HHS) for the hospital and the long-term care were obtained from these schedules and charted accordingly.

Questions

1. What could cause such a significant increase in monies owed to HHS in FY21 and FY22?
2. Why is the trend only with the hospital and not LTC?
3. What changed in FY23 that eliminated the trend?
4. Are these reported “owed monies” included in reported revenue for the applicable fiscal year?
5. If monies owed by MOH are not included in fiscal year revenue they are claimed for, when are they recorded as revenue?
6. Do monies owed to the hospital that are claimed get changed by MOH?
7. If yes to 6, where does that get reflected in future fiscal statements?

Letter from Former HHHS Board Chairs

<https://thehighlander.s3.us-west-2.amazonaws.com/Newspaper/2023/2023+05+11.pdf>

Dear editor,

As past chairs who helped guide the development of HHHS since inception, we strongly disagree with the Minden ED closure. It's unconscionable and flies in the face of more than two decades of responsible health care developed by the corporation. There are many valid reasons in opposition. The response from citizens, through letters, petitions, signs, and demonstrations provide ample indication of the community's support for the continuation of the service.

We offer these observations:

- A complete lack of transparency: When planning for HHHS began over 25 years ago, many scenarios were considered for the County. These discussions, sometimes passionate and heated, took place at public meetings with extensive press coverage. The community was involved, and when decisions were finalized, while not everyone agreed, the community moved on. Minden hospital 'gave up' its argument to retain in-patient beds, in exchange for a commitment to keep full-time, fully-funded emergency, and a range of community programs. This decision 'betrays' this understanding and resurrects community division. It also came without consultation with the Minden service area communities most impacted by the action.
- A six-week timeline provides little or no time for careful planning or reasoned community input. We wonder, was this decision deliberately and secretly taken in the hope that, with short notice, it would just slide through? It's already disrupted the smooth operation of the Minden site. ED doctors and staff have begun looking for other places to work after June 1, even though a full roster of medical professionals through September is in place.
- There is no plan: Other than vague descriptions of amalgamation of services in one locale, there is a disheartening lack of foresight to support the decision. Where is the plan?
- What about the professional staff? We are aware that for the most part, the Minden ED had been able to maintain the level of staffing to deliver services through recent years when the pandemic put maximum stress on the system. Why is this being discontinued when it has demonstrated its resiliency and dedication to providing health care?
- We recommend the board cancel the permanent closure, strengthen the health care for the Highlands, particularly emergency, focus on the partially completed master plan and get it done, and encourage the involvement of citizens, all governments, and the Ontario Health Team in the development of a robust system that meets the needs of all the community HHHS was created to serve.

Jeanne Anthon, Dave Bonham, Jack Brezina, Paul Heffer, and Hugh Nichol

Letter from Physicians of the Minden Emergency Department

<https://thehighlander.s3.us-west-2.amazonaws.com/Newspaper/2023/2023+05+11.pdf>

Dear editor,

As physicians of the Minden emergency department, we would like to express our sincere appreciation and support to the wonderful community we have had the privilege of serving for the past 28 years. It has been an honour to provide emergency medical care to you, our adopted neighbours, friends, and community members during some of your most vulnerable moments. It is with a heavy heart that we must inform you that the decision to close the Minden ED was not ours to make. Despite our best efforts and unwavering commitment to the community, circumstances beyond our control have led to this challenging decision by Haliburton Highlands Health Services.

Our group was informed of this decision a few hours prior to the public media releases on April 20. This emergency department has been a strong and steady presence in many emergency physicians' careers. The physicians of the Minden ED feel a special attachment to the staff and community. Since the news became public, we have heard from past physicians who have reached out to us to convey their appreciation to your community for the time they were able to serve and provide emergency medical services here.

In 1995, when Dr. David Fiddler heard that the ED was potentially closing due to a shortage of physicians, he recruited his brother Dr. Doug Fiddler to find other emergency physicians from community hospitals to support the Minden ED. The plan was to keep it open for three months while the community found more physicians. That was 27 years ago. The brothers, as many have come to know them, were mainstays in the ED, and the community knew them well. Over time, emergency physicians were selectively recruited to work here. At one point, there were four heads of emergency medicine working in the Minden ED. We took pride in knowing we were able to provide continuous physician coverage, without any gaps, over these years.

Support from Health Force Ontario was not required until April 2023. Health Force Ontario is a government-funded job board to help get physicians where they are needed in Ontario. These physicians typically have a base hospital they work at and provide coverage to community and rural hospitals on an ad hoc basis.

Prior to the closure being announced, our group had coverage until September 2023, with small support required from Health Force Ontario. In the fall, there were physicians who were expected to fill these gaps, bringing us back to full coverage. We have Dr. Bruno Helt to thank, who has recruited and maintained the emergency physician group for the past decade. Please know we have always been deeply committed to ensuring the highest standard of emergency medical care to the community. As HHHS staffing shortages evolved over the past two years, the Minden physician group became involved in service reduction discussions in November of 2021.

We offered our support to various reduction options that involved partial ED closure scenarios, but we were clear that we could not support a full closure scenario for one of the EDs. The Minden ED physicians knew it would be the end of our ability to provide the highest standard of care to you. Over the years, increasing ED volumes have made these shifts more challenging. However, a 24-hour shift was still feasible to do so and provided a balance that made the long drive from our home bases acceptable.

We told the HHHS executive and board in February 2022 that we could not provide physician coverage if one of the EDs were going to close, and it is still the case today.

We will continue to work in our home sites and may see you at one of these locations in the future. Thank you for allowing us to be a part of this wonderful community. Over nearly three decades, it's been our privilege to serve you. Thank you for the trust you have placed in us, for allowing us to serve you, learn from you and for the memories that will sustain us for years to come.

On behalf of the Minden Physician Group,

Dennis Fiddler, DO, CCFP (EM)

Analysis: We must overhaul how Ontario's hospitals are governed. Our lives depend on it
<https://healthydebate.ca/2023/07/topic/overhaul-ontarios-hospitals-governed/>

The reckless and rapid closure of the Minden emergency department with barely six-weeks' notice and no stakeholder consultation is a microcosm of what's happening across our province and nation.

In an interview with CTV National News correspondent Heather Butts, Alan Drummond, co-chair of the Canadian Association of Emergency Physicians, stated: "We can't be doing this on an ad-hoc basis nationally; this is a national problem with common root causes that needs national discussion, a national dialogue, a national approach."

The abrupt closure of Minden ED, a pillar of our community for nearly three decades, meets the very definition of an ad hoc decision. It occurred despite the population being set to *at least* triple from summer residents, guests and passersby. It also occurred despite intense opposition from former Haliburton Highlands Health Services (HHHS) board chairs, Minden ED physicians (who were staffed through September), local elected officials, most of the legislative assembly, most of the province and more than 25,000 signed petitions gathered over the course of 8 weeks of advocacy.

This is to all to say that the closure of the Minden ED was made with blatant disregard for best practices in board governance. It's incredibly alarming – terrifying, even – that a CEO and a volunteer board can unilaterally (according to Minister of Health Sylvia Jones) close a public institution without consulting stakeholders.

Such a decision-making process (and the decision itself) blatantly defies best practices of transparency, accountability and stakeholder engagement. In fact, the reason for the closure by the board and CEO has proven to be unfounded.

According to the Ontario Hospital Association's Physician Leadership Resource Manual: "Great boards are not measured by their rules and regulations, but by their culture and the way people work together."

The Haliburton Highlands Health Services (HHHS) board's disregard for its stakeholders was reflected again through its outright refusal to allow questions related to the Minden ED closure at its Annual General Meeting (AGM) June 22, a forum traditionally seen as an opportunity for open dialogue and accountability. In fact, the board failed to inform attendees (who had spent significant time preparing) ahead of time that these questions were not permitted– despite obviously knowing they would not be allowing them at the actual AGM.

By doing so, the board has most likely contravened the [Ontario Not-for-Profit Corporations Act \(ONCA\)](#), which explicitly mandates accountability to members and stakeholders. Given that the Act came into effect in October 2021, one would expect an institution as crucial as HHHS to be fully compliant, particularly in such a critical matter.

The Minden ED closure represents a complete failure in governance because hospital board governance must be held to the highest standard.

Moreover, the Zoom-based nature of the AGM made it impossible to determine which questions went unanswered, and the chat functions were disabled. It was also impossible to determine if questions

about Minden ED had come from “members” rather than AGM attendees. If HHHS refused to allow “member” discussion, it is clearly in violation of its own bylaws and ONCA.

On June 29, HHHS held a town hall to discuss the closure of the Minden ED and the path forward. Unfortunately, Board Chair David O’Brien was not in attendance, thereby making many questions that depend on a historical understanding difficult if not impossible to ask.

The Minden ED closure represents a complete failure in governance because hospital board governance must be held to the highest standard. It underscores the necessity for entities like HHHS to surpass the bare minimum in governance.

The HHHS experience indicates it is time to review and overhaul how hospitals are governed in Ontario. Will we continue to allow unequal and inconsistent treatment of communities in their health-care needs by a board of directors?

As afforded in the [Excellent Care for All Act](#), perhaps it is time for Ontario’s Patient Ombudsman to commence an investigation into the HHHS board before it is too late.

The people of Minden and surrounding areas deserve a health-care system that is responsive to their needs. The closure of our Minden ED without adequate consultation is not only a local tragedy; it is indicative of a nationwide emergency that calls for collective resolve and action.

The Minden ED closure serves as a timely wake-up call on how our hospitals are governed. As citizens and stakeholders, it is our responsibility to demand better because our lives, and those of our fellow Canadians, depend on it.

We must demand and ensure more than the bare minimum in board governance, insisting on transparent, accountable and engaged leadership. Only then can we hope for a health-care system that truly reflects the needs and concerns of the patients, residents and communities it serves.

Jeff Nicholls and Mary Cook